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The New York Times (New York, New ... • 18 January 1920 • Page 33 ◀ FIND CLIP PRINT/SAVE SHARE Save to Ancestry

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Last week there were prosecutions in London of reputable persons who treated sovereigns as a commodity, because gold was worth more as bullion than as sovereigns. That is to say, sovereigns worthy the name will buy more outside of England than at home. That is our bid for loanable funds, and it is better than raising the bank bid for deposits, and our commercial discounts.

The class of trade which worries about the call money market is not the class entitled to consideration by the Federal Reserve Banks in comparison with the support of productive trade. But there is speculation in commodities as well as in securities, perhaps more of it, and some of it of an obnoxious sort. The Bureau of Markets reports that on New Year's there were in cold storage 10,000,000 more pounds of butter than a year ago, 53,000,000 pounds of cheese against 19,822,000 in 1919, and 19,314,233 dozen eggs against 8,979,000. Meanwhile Danish butter is being imported. All those foods are better for quick consumption. There is something wrong when our prices are above those of hungry Europe, and when there is a growth of stocks which are not used on either side the ocean. For a fortnight the Fair Price Committee has refused to quote prices which it deemed not justified, and at the week end it issued a list showing a fall of 13 cents, butter leading the way. If it is the function of the Federal Reserve to encourage the use of funds for production, it is also its function to discourage the use of funds to hold production out of consumption. The Federal Reserve is a fount of credit, not of capital. Its resources should be at the use of those who look for their profits in production for use, not in a change of prices. Rules cannot be formulated for such subjects. They are matters of bankers' discretion, and are liable to misconstruction as matters of favor by the "money trust." It is better to do the work and to take the criticism than to raise commercial discounts unwisely.

#### STABILIZING MONEY RATES.

There is to be a conference at Chicago this week of the conference at Washington which failed to settle the relation between the rates for rediscounts by the Federal Reserve and rates for deposits fixed by the nation's Clearing Houses. The Federal Reserve wishes such a severance of the relations between the two prices for money that the Federal Reserve may control the money market without starting a domestic scramble for funds which could not fail of effect throughout the world. All signs fail in dry weather, and this is financial weather of a sort which makes it highly desirable that the command of the money market should be in the hands of the Federal Reserve, and that the Clearing Houses should avoid embarrassing it in its effort to establish an American rate for money fixed with reference to the public interest, without regard to banking profits. The Federal Reserve functions as a whole, while the Clearing Houses are independent. The Federal Reserve has all but accomplished the alleged impossibility of establishing a continental rate for funds, and it never could have done that if its districts had competed with themselves.

The objective is a low rate for productive trade, and that can never be attained by the banks' purchase of deposits. The cost must be added to the charge to borrowers, and the banks should not try to turn their liabilities into investments. The disuse of payment for deposits is a counsel of perfection, but it is a poor time for the banks to bid when trade use bids so much higher that there is a scarcity of floating funds.

It is being said that it would be conservative to raise our rate to the British rate, and that the Federal Reserve is considering raising its commercial rate as the sequel to its discouragement of speculation. The reduction of the rations of trade is a poor way to foster it, and the Bank of England has lost command of the money market despite a policy of rate raising. London bankers have discovered that what the occasion calls for to restore pre-war leadership is currency reform, for rate raising when currency is not exportable, because not convertible, has no effect in correcting the exchanges. There can be no competition between the Federal Reserve and the Bank of England—the only other world market which retains a shred of authority—when one market is on a specie basis and the other on a paper basis. Those who want to borrow paper may be left to pay the British rate. Those who want to borrow gold and buy goods in the world's fairest and cheapest market will make better bargains here. Gold markets are always the lowest market, the best markets, the only market attractive to those with floating funds awaiting use. That is our best bid for loanable funds, and the London banks have seen more clearly than ours the futility of competing with us. After the previous increases of our rate the Bank of England moved up its rate to the level suggested for us. But London bank circulars attest that the high rate has neither reduced prices, nor attracted funds, nor stopped speculation, nor "produced one single substantial benefit to counterbalance manifest disadvantages." Accordingly England has "dug in" for currency reform. How foolish for us to follow where England found disappointment, at least until the two currencies are exchangeable at par!

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**The New York Times.**

SUNDAY. JANUARY 18, 1920.

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BRADGES, one cannot help regretting that Mr. RUDYARD KIPLING is not Poet Laureate of England long enough to compose, with his old fire and force, a fitting ode in commemoration of this new method of defending India.

**THE LOST TWENTY YEARS.**

An atmosphere of mystery has brooded over the twenty years as to which HENRY is silent in his much-read auto-

world called "irony." The Beverly woods never saw him again, until in the serenity of his eightieth year he returned unexpectedly.

As to what ADAMS felt, Miss LA FARGE quotes his own description of suffering in his "Chartres" book. "People who suffer beyond the formulas of expression—who are crushed into silence, and beyond pain—want no display of emotion—no bleeding heart—no weeping "at the foot of the Cross—no his-

have no authority now in history. It was the union idea, not their abolition idea, that united the North and won the war. To appeal carelessly to an accidental collection of illustrious men gives no strength to the appeal. Here, as elsewhere, for centuries there were injustice, intolerance, a deficient idea of freedom; but because our ancestors were more rigorous in doctrine and practice than we is the least of all reasons to use their names as emblems for the cause of man."

Last week there were London of reputable persons as sovereigns as a committee was worth more as sovereigns. That is worthy the name will of England than at bid for loanable funds than raising the bank and our commercial di

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18 January 1920 • Page 33

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**PEACE BY SURRENDER.**

The Russian blockade is lifted; Mr. Lloyd George, having failed to kill the Red Army, has been beaten for the first time in his history. The British Empire has adopted the policy of buying off a dangerous enemy—a policy which, to be sure, was originally employed on occasions of famous victories, but which is unlikely to bring permanent and satisfactory peace at the cost it is immediately worth the habit of British statesmen.

To say that the survivor is vexed by the solemn assurance that we are responding trade, and with the Bolsheviks, with the Russian communists, that our policy toward the Soviet Government is to buy off the Red Army, is to say nothing. But nothing can be sent into Russia without coming into the possession of the Red Government, and that Government wants whatever the party which controls the seaports, the railroads, the army, the factories, will be able to take away from us if we insist in. And to say that the shipment of supplies of all sorts to a Government which our enemy involves no change of policy is to indicate that the Red Army can hardly have hoped that anybody would believe it.

This reversal of world policy over-all is beyond doubt the work of Mr. Lloyd George himself. His characteristic specimen of these "brilliant invasions" by aid of which he has vaulted from pauper to pinacle, deserves the Rocky Mountain, for managing to keep

Germany "covered." Most obvious, of course, is the influence of the British Labor Party. In this body there is a few downright Bolsheviks, but it is predominantly pre-Bolshevik. If a Red Army appeared on the other side of the Strait of Dover, the members of the party would probably take up their rifle for the defense of England; but, like most democracies, British Labor cannot see a danger to be run in Ostend and Calais.

But there are other factors. Bolshevik Industry is reviving under the direction of German Krasnau, before whom were Russian representatives of the Socialist International. That is to say, Germany has "inside" help in the race for commercial domination of Russia. Mr. Lloyd George, or his supporters, may have been duped in part by the friendly hand of Krasnau, if Germans, if they can start now. The Germans have more than the inside track—they have enormous number of agents who know Russia and know few in Russia, while the British have very few. On the commercial side, the great artist, SAINT-GAUDENS, has lost sight of the American public, but has lost sight of art. But that is not despair, not atheism.

The gap is now filled, charmingly and most satisfactorily, by Mass. Lt. George F. Hoar, who has been in France since 1914. Lt. Hoar was intimate with Anatole and his wife from childhood and possesses a continuous correspondence with him covering twenty-eight years. He was one of the first to realize the importance of Bolshevik advance in Transcaucasia and Turkistan.

Bolshevik agents are already at Herat and going on to Kabul and Kandahar. The Bolsheviks, it appears, must ring like an alarm bell in the ears of all Englishmen whose memory includes even the last forty years of their own history. But much more "the Red Army" has turned to the idea of empire, and the great majority of the Labor Party has simply no understanding of the meaning of the empire. To me, the most remarkable specimen of these "brilliant invasions" by aid of which he has vaulted from pauper to pinacle, deserves the Rocky Mountain, for managing to keep

the Virgin of Chartres had been revealed to him, "the Divine Mother of the West," blended in his mind, in the monument, "with the Virgin of the East." By his own words he was buried beneath the monument.

Unappreciated in his lifetime except as the voluminous historian of the administration of Harrison and Monroe, he died in poverty as a failure.

HENRY ADAMS has been revealed in his posthumous works as one of the few authentic geniuses of American letters, an original, if also a humorless and somewhat philistine, for whom thought kindled always in the passion of the spirit.

#### OUR NATIVE RADICALS.

The case of the Rev. Francis Shinn.

Mr. GRANT, rector of the Church of the Ascension, in the city, is representing

an Act individual. It represents

opinion of the Rev. Frank Shinn,

the small but active class in the

United States, a class which has had

many social and educational advantages

which have enabled it to derive

from the great body of Americans.

Let us forget Mr. GRANT personally,

and let us read his history as he

gives it, and let us let him go his

ways. He stands for the people who

stand for sympathy with the

people who are trying to overthrow

the American polity.

His people "came out of the

Revolution," he says, "in 1845."

The older his supposed sponsors

are, the stronger seems his reliance on them. But we can say for good and ill against them, and against the Puritans. It would be difficult for any body more thoroughly to misunderstand

the principles of their actions than

Mr. SHINN.

The Puritan, however, was hardly

"temperamental and invalidary,"

and was part of his fascination.

It was, indeed, a fundamental trait in his literary style, as we might expect

of any man who had been

"brought up in the bosom of

presence."

The bourgeoisie was nearly

"always to conceal a ray of tenderness

that had escaped him. The letters of

Lord BACON, for example, allude to

cholerical sympathies. "Once," writes Miss

L. G. T., "I was at the

home of a

gentleman

and his wife

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